(b) if so, whether such assessment are a part of Federal Aviation Administration's routine exercise to ensure that India complies to strengthen its regulatory mechanism and ensure flight safety in accordance with the manifold air traffic growth in recent years; and

(c) whether the proposed assessment at a time when DGCA's score on infrastructure and manpower is low will push India from the present level 1 to the lower third world levels?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) and (b) DGCA has received communication from USA's Federal Aviation Administration (FAA) regarding India's Aviation Safety Oversight System under the International Aviation Safety Assessment (IASA) programme of FAA. International Civil Aviation Organisation (ICAO) had conducted the audit of India in October 2006 wherein they observed shortage of manpower, which affects its performance. DGCA has started preparing for the reassessment with the available resources and has also initiated interim short term, medium term and long term steps to overcome the shortage of manpower by hiring/appointing experts on secondment to augment the strength of DGCA.

(c) Presently, India is in Category I. However, various short term and long term measures have been initiated to strengthen DGCA to avoid any downgrading in FAA reassessment. A plan outlay of Rs. 2.00 crore has been estimated during the year 2009-10 for the National Projects of ICAO.

Governments' position on bailing out Satyam Computers

740. SHRI MOINUL HASSAN: Will the Minister of CORPORATE AFFAIR be pleased to state:

(a) whether the Minister of Commerce and Industry has made a statement that the Centre may provide financial support to Satyam to help it come out of its crisis;

(b) if so, why should the taxpayers' money be used to bail out a company which is in crisis because its chairman committed deliberate fraud over years; and

(c) whether Government is hesitant to confiscate the properties of Satyam Computer and maytas?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) and (b) The Company Satyam Computer Services Ltd. is working for and mobilizing financial resources to meet its requirements under the guidance and supervisions of the new Directors appointed by the Government on the Board of the company, at its own strength, and there is no proposal to provide a financial bail out to the Company.

(c) The Government is taking action as appropriate and necessary under the law as warranted.

Steps to prevent corporate fraud

741. SHRI VIJAY JAWAHARLAL DARDA: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether Satyam Episode is due to negligence on the part of regulatory authorities of Government system failure, or it is just a case of criminality;

(b) if so, whether the contributory negligence of independent Directors or willing connivance of auditors, be main focus of investigations; and

(c) whether Government will immediately initiate positive steps to avoid such reccurrences in Corporate sector, or will it wait for the final outcome of long-drawn investigations and other legal implications?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) The events relating to Satyam Computer Services Ltd. relate to a particular company and do not represent a failure of the regulatory system and relevant Regulatory authorities. The events have been caused by an apprehension of fraud and possible falsification of the financial statements of the company having implications under the Companies Act, 1956, Indian Penal Code, SEBI Act and other allied statutes.

(b) The Ministry has ordered investigation under the Companies Act, 1956, to be carried out by Inspectors drawn from the Serious Fraud Investigation Office, into the affairs of Satyam Computer Services Ltd. including, *inter-alia*, into the involvement and role, if any, of independent directors, internal and statutory auditors of the company and exercise of due diligence by the statutory auditors to ensure true and fair financial reporting.

(c) There is already an elaborate regulatory framework in place to deal with such incidents. This framework, under the Companies Act, 1956 (the "Act"), provides for disclosures by companies for information of the stakeholders about the state of affairs of such companies, have been mandated. To facilitate making of such disclosures by companies, and for stakeholders and regulatory agencies to easily access and view them, Government has set up an electronic registry with round - the clock - access through internet. The Government has powers of inspection of the books of accounts of companies and also to investigate their affairs, if need be, under the Act. In addition, the Act provides for appointment of independent, statutory auditors to audit the accounts and report to the shareholders. Such audited accounts are also displayed on the electronic registry for general viewing. While the reporting requirements are regulated under the Companies Act, 1956, the conduct of auditors is regulated under the Chartered Accountants Act, 1949. In addition, for listed companies, compliance with these statutory requirements is required to be certified by a company secretary in practice, who in turn is regulated under the Company Secretaries Act, 1980. Government has amended the Chartered Accountants Act, 1949 and the Company Secretaries Act, 1980 in 2006 to provide for a more effective disciplinary mechanism to deal with cases of misconduct by Chartered Accountants, Company Secretaries respectively. In 2006, the Government has notified Accounting Standards to enable accounts of companies to be drawn up and disclosed on the basis of fair, transparent and internationally accepted principles. The Government has also introduced Companies Bill, 2008 in the Lok Sabha to provide for a comprehensive revision of the Companies Act, 1956 including, *inter alia*, provisions that would enable more effective checks against irregularities/frauds by companies.